



# EXHIBIT F

**From:** Remy Trafelet <[rw@734llc.com](mailto:rw@734llc.com)>

**Date:** November 10, 2018 at 05:20:28 MST

**To:** "(Henry) Hank Slack" <[hank.slack@quarterwatch.com](mailto:hank.slack@quarterwatch.com)>, George Brokaw <[gbrokaw@tbco.com](mailto:gbrokaw@tbco.com)>, Andy Krusen <[AKrusen@krusen.com](mailto:AKrusen@krusen.com)>, Eisner <[greg.eisner@dubinandco.com](mailto:greg.eisner@dubinandco.com)>, "Fishman, Ben" <[ben.fishman@arlongroup.com](mailto:ben.fishman@arlongroup.com)>, Joseph Sambuco <[sambucoj@colonnadeproperties.com](mailto:sambucoj@colonnadeproperties.com)>

**Cc:** Remy Trafelet <[rw@734llc.com](mailto:rw@734llc.com)>

**Subject:** Friday's Meeting

Dear Hank, George, Andy, Greg, Ben and Joe,

The process delivered yesterday was not the process anyone would choose except out of necessity. It is unfortunate that experience and individuals' emotions demanded it. I am truly sorry for the effects it may have had on our personal relationships.

Understanding that emotions were very charged at today's meeting and that I was unable to finish my presentation I would like give you the following:

#### Rationale

- Alico's current board and governance structure is not appropriate for a \$250mm market cap company.
- The current board could be argued to have only one truly independent director causing influence and decisions that are not always in the best interest of the company.
- It makes no sense for a company of this size to have a Chairman, Vice Chairman and Executive Committee.
- Alico 2.0 has restructured the company over the last two years from the bottom up.
- Addressing the Governance and Board of the company is long overdue.
- I have spoken with everyone on the board and many numerous times about these structure and governance issues.
- I felt it was my duty to the company and the shareholders to act now rather than to continue the governance and structure discussions indefinitely.
- Both current and potential investors have voiced explicit concerns about this structure.
- The structure and governance potentially impedes getting a proper valuation on the stock.

#### Timing

- The company is about to embark on its first real interaction with potential investors, conferences and analyst coverage.
- It is in the company's best interest that 734 Investors does an orderly and controlled distribution of its holdings.
- 734 Investors is scheduled to liquidate 12 months from now in November of 2019.
- The company does not have the luxury of an extended discussion/debate of the implementation of board and governance changes.
- It is crucial for the company to be in the best position possible and have as high a stock price as possible to effect an orderly liquidation of 734.
- An orderly liquidation of 734 is very important to the company b/c the alternative would put extreme pressure on its equity cost of capital for a very extended period of time.

New Board

- Shrinking the board from 7 members to 5 members makes sense for several reasons.
- It is more cost effective and efficient.
- It is more appropriate for a micro-cap company.
- This smaller board will be much more active, nimble and strategic and the market should react favorably to these changes.
- Truly independent members can be put in place while removing superfluous positions and committees.
- The new board members are both of impeccable credentials and truly independent.

#### Strategic Advisory Committee

- Established to create a positive transition for board members
- Create an official group for management to access for advice and counsel
- Have a positive market impact as the governance and structure portion of Alico 2.0 was executed.

#### My Position

- I am the largest shareholder of Alico.
- I gain nothing personally from board/governance changes except for increasing the likelihood of a proper equity valuation. The company reaps the same benefits by significantly reducing its cost of capital.
- Many decisions have been made in restructuring this company that were not popular with everyone. Good decisions rarely are. Many of the Alico 2.0 decisions were difficult and unpopular but proved to be in the best interest of the company.
- All decisions and operations have been based on increasing the company's ROCE. Increasing the numerator of that ratio through efficiencies and cost cutting and reducing the denominator by disposing of unearning assets. This is what creates value for businesses.

#### Operations

- The company spent more than two years with a management team that was unable and unwilling to execute a consolidation plan as well further sinking the company into sub-par returns.
- I identified these management issues and lead the board to terminate that manager and restructure the company.
- For almost 2 years, the company has been restructured under the Alico 2.0 program.
- Given the devastating impacts of Hurricane Irma the company would have been in a dire situation if Alico 2.0 hadn't been started and begun implementation 10 months prior to the storm.
- Due to Alico 2.0 the company's stock was actually flat following losing over \$100mm to Irma.
- All aspects of the company have been attacked and made efficient as possible except the governance and board structure.
- Alico Citrus is now poised to have a high likelihood of returning to pre-Hurricane Irma production levels in 2020.
- Cost savings are now expected to be more than \$20mm
- Return on Capital Employed is expected to grow to over 15% from 4-6%. In fact, when cash is included ROCE should exceeded 22% when balance sheet cash is included

#### Equity Valuation

- As Alico 2.0 continues the company is poised to make \$3.98/share in 2020 on 7.9mm boxes without the Water Deal which would add \$0.80-0.90 of incremental EPS.
- When the Alico deal was first announced in December of 2014 the consolidation of the businesses was expected to make \$3.13/share on 10mm boxes

- Due to what has so far been accomplished with Alico 2.0 and the continuation of the asset disposal program the company is currently trading at 4.7x 2020 EV/EBITDA and 9x 2020 EPS with an NAV of \$60.

There is more to do

- The company's debt needs to be restructured as it is mismatched with the company's asset base.
- There are significant contract negotiations upcoming that need to be addressed in the coming months and quarters.
- Alico's cost of equity capital could be viewed as costing 50% which needs to be rectified through a diligent and thorough capital markets strategy.
- The company has mining and natural resources that have significantly more value than initially believed.
- The company will have a very significant cash position accumulated over the next couple years demanding thoughtful capital structure discussions and decisions.

There is the opportunity to make this company substantially more valuable and, while not guaranteed, it is on the path to getting there. Corporate infighting and diversions will reduce and could possibly eliminate that possibility to the detriment of the shareholders and the company itself.

I am available and ready to speak with any of you in greater detail on the above issues or any others,

Remy